

AMENDED IN SENATE AUGUST 15, 2016

AMENDED IN SENATE JUNE 9, 2016

AMENDED IN SENATE MAY 23, 2016

AMENDED IN ASSEMBLY APRIL 11, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2024

Introduced by Assembly Member Wood
(Coauthors: Assembly Members Bigelow, Dahle, Gallagher, and
Obernolte)
(Coauthor: Senator Gaines)

February 16, 2016

An act to amend Section 2401 of the Business and Professions Code, relating to healing arts.

LEGISLATIVE COUNSEL'S DIGEST

AB 2024, as amended, Wood. Critical access hospitals: employment.

Existing law, the Medical Practice Act, restricts the employment of physicians and surgeons or doctors of ~~podiatric~~ *pediatric* medicine by a corporation or other artificial legal entity to entities that do not charge for professional services rendered to patients and are approved by the Medical Board of California, subject to specified exemptions. Existing law establishes the Office of Statewide Health Planning and Development, which succeeds to and is vested with all the duties, powers, responsibilities, and jurisdiction of the State Department of Public Health relating to health planning and research development.

This bill, until January 1, 2024, would also authorize a federally certified critical access hospital to employ those medical professionals

and charge for professional services rendered by those medical professionals if the medical staff concur by an affirmative vote that the professional's employment is in the best interest of the communities served by the hospital and the hospital does not direct or interfere with the professional judgment of a physician and surgeon, as specified. The bill would require the office, on or before July 1, 2023, to provide a report to the Legislature containing data on the impact of this authorization on federally certified critical access hospitals and their ability to recruit and retain physicians and surgeons, as specified. *The bill would, on and after July 1, 2017, and until July 1, 2023, require a federally critical access hospital employing those medical professionals under this authorization to submit a report, on or before July 1 of each year, to the office as specified.*

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 2401 of the Business and Professions
2 Code is amended to read:
3 2401. (a) Notwithstanding Section 2400, a clinic operated
4 primarily for the purpose of medical education by a public or
5 private nonprofit university medical school, which is approved by
6 the board or the Osteopathic Medical Board of California, may
7 charge for professional services rendered to teaching patients by
8 licensees who hold academic appointments on the faculty of the
9 university, if the charges are approved by the physician and surgeon
10 in whose name the charges are made.
11 (b) Notwithstanding Section 2400, a clinic operated under
12 subdivision (p) of Section 1206 of the Health and Safety Code
13 may employ licensees and charge for professional services rendered
14 by those licensees. However, the clinic shall not interfere with,
15 control, or otherwise direct the professional judgment of a
16 physician and surgeon in a manner prohibited by Section 2400 or
17 any other law.
18 (c) Notwithstanding Section 2400, a narcotic treatment program
19 operated under Section 11876 of the Health and Safety Code and
20 regulated by the State Department of Health Care Services, may
21 employ licensees and charge for professional services rendered by
22 those licensees. However, the narcotic treatment program shall

1 not interfere with, control, or otherwise direct the professional
2 judgment of a physician and surgeon in a manner prohibited by
3 Section 2400 or any other law.

4 (d) Notwithstanding Section 2400, a hospital that is owned and
5 operated by a licensed charitable organization, that offers only
6 pediatric subspecialty care, that, prior to January 1, 2013, employed
7 licensees on a salary basis, and that has not charged for professional
8 services rendered to patients may, commencing January 1, 2013,
9 charge for professional services rendered to patients, provided the
10 following conditions are met:

11 (1) The hospital does not increase the number of salaried
12 licensees by more than five licensees each year.

13 (2) The hospital does not expand its scope of services beyond
14 pediatric subspecialty care.

15 (3) The hospital accepts each patient needing its scope of
16 services regardless of his or her ability to pay, including whether
17 the patient has any form of health care coverage.

18 (4) The medical staff concur by an affirmative vote that the
19 licensee's employment is in the best interest of the communities
20 served by the hospital.

21 (5) The hospital does not interfere with, control, or otherwise
22 direct a physician and surgeon's professional judgment in a manner
23 prohibited by Section 2400 or any other law.

24 (e) (1) Notwithstanding Section 2400, until January 1, 2024, a
25 federally certified critical access hospital may employ licensees
26 and charge for professional services rendered by those licensees
27 to patients, provided both of the following conditions are met:

28 (A) The medical staff concur by an affirmative vote that the
29 licensee's employment is in the best interest of the communities
30 served by the hospital.

31 (B) The hospital does not interfere with, control, or otherwise
32 direct a physician and surgeon's professional judgment in a manner
33 prohibited by Section 2400 or any other law.

34 (2) (A) On or before July 1, 2023, the Office of Statewide
35 Health Planning and Development shall provide a report to the
36 Legislature containing data about the impact of paragraph (1) on
37 federally certified critical access hospitals and their ability to recruit
38 and retain physicians and surgeons between January 1, 2017, and
39 January 1, 2023, inclusive. This report shall be submitted in
40 compliance with Section 9795 of the Government Code. *The*

1 *requirement for submitting a report imposed under this*
2 *subparagraph is inoperative on July 1, 2027.*

3 ~~(B) The requirement for submitting a report imposed under~~
4 ~~subparagraph (A) is inoperative on July 1, 2027.~~ *office shall*
5 *determine the format of the report, as well as the methods and*
6 *data elements to be utilized in the development of the report.*

7 *(C) On and after July 1, 2017, a federally certified critical*
8 *access hospital that is employing licensees and charging for*
9 *professional services rendered by those licensees to patients under*
10 *this section shall submit to the office, on or before July 1 of each*
11 *year, a report for any year in which that hospital has employed*
12 *or is employing licensees and charging for professional services*
13 *rendered by those licensees to patients. The report shall include*
14 *data elements as required by the office and shall be submitted in*
15 *a format as required by the office. The requirement for submitting*
16 *reports imposed under this subparagraph shall be inoperative on*
17 *July 1, 2023.*